NUEXCO

EXECUTIVE SUMMARY
REPORT 217
(All data as of August 31, 1986)

Exchange Value $17.00, unchanged

The **Exchange Value** is **$17.00** per pound U_3O_8, unchanged since last month.

UF_6 Value $48.00, down $0.25

The **UF_6 Value** is **$48.00** per kilogram U as UF_6, down $0.25 since last month.

Transactions

Five recent natural uranium sales are reported, involving approximately **1.5 million** pounds equivalent U_3O_8. All of the sales involved spot or near-term delivery, and four met the conditions for inclusion in the Transaction Value. Two of the transactions involved natural UF_6.

Supply-Demand Ratio rose to 2.9:1

Active spot and near-term **uranium supply** amounts to **4.2 million** pounds U_3O_8 equivalent, up 355 thousand pounds since last month. Active spot and near-term **uranium demand** totals **1.5 million** pounds, down 1.2 million pounds. The spot and near-term **supply-demand ratio** rose to **2.9:1.**

Transaction Value $17.45, down $0.05

The **Transaction Value** is **$17.45** per pound U_3O_8, down $0.05 since last month. The calculation includes 14 transactions involving a total of 2.6 million pounds U_3O_8 and equivalent UF_6, and covers a period of 3 months.

Loan Rate unchanged at 4%

The **Loan Rate** is **4 percent** per annum, unchanged.

Conversion Value $1.90, up $0.10

The **Conversion Value** is **$1.90** per pound U as UF_6, up $0.10 since last month. Active secondary market supply for conversion services for delivery within three years totals 1.3 million pounds U as UF_6. Active demand totals 1.0 million pounds U as UF_6. No secondary market conversion transactions are reported.

SWU Value for delivery within one year: $78

The **SWU Value** at .3 tails and for delivery within one year is **$78** per SWU, unchanged since last month. No secondary market SWU transactions are reported.

* * *

Analysis and Commentary

Nuexco forecasts indicate that installed nuclear power plant capacity in WOCA nations will grow from 230 GWe at the end of 1986 to 348 GWe by the end of the year 2000. This represents an annual growth rate of 2.8 percent, a figure slightly lower than the expected growth in electricity demand. This article is an example of the analysis used in Nuexco's Uranium Market Study and Price Forecast.

Commentary

The relationship of spot-market prices and spot-price indicators like the Nuexco Exchange Value to long-term contracting was the subject of a presentation given by George White, Jr. at the Uranium Institute's Eleventh Annual Symposium in London, England, September 4, 1986.

Australia

Increasing budgetary pressures have caused the Australian government to remove its ban on uranium shipments to France. Enacted in protest of France's nuclear weapons testing in the South Pacific, the ban was largely ineffectual, and the lifting of the ban relieves the Australian government from obligations to buy the Queensland Mines uranium destined for Electricite de France.

United States

Several legislative proposals currently under review in the US Congress could strongly affect the international nuclear fuel market in the coming months. Some of the bills concern US trade with South Africa, and others deal with the viability of the US uranium production sector or DOE's attempts to impose new criteria governing enrichment.

Update

Japan's utilities and nuclear fuel cycle companies are progressing on their plans to construct enrichment, reprocessing, and low-level waste storage facilities at a common site in northern Honshu. Initial operation of the facilities in the 1990s will move Japan closer to self-sufficiency in the nuclear fuel cycle.

This Executive Summary may be reproduced for internal distribution.

© NUEXCO 1986

NUEXCO

NUEXCO REPORT 217 FIGURES OF THE MONTH (August 31, 1986)	This Month (Report 217)	Last Month (Report 216)	12 Months Ago (Report 205)
Exchange Value[1]	17.00	17.00	16.00
Transaction Value[1]	17.45	17.50	15.10
UF_6 Value[2]	48.00	48.25	44.50
Loan Rate[3]	4%	4%	5%
Conversion Value[4]	1.90	1.80	1.60
Near-Term Uranium Supply[5]	4.2	3.9	3.3
Near-Term Uranium Demand[6]	1.5	2.7	1.2
Near-Term Supply-Demand Ratio	2.9	1.4	2.8
Recent Uranium Sales:			
Number of Transactions[7]	5	7	3
Quantity of Material[8]	1.5	1.2	0.4
Nuexco SWU Value:[9]			
at 0.3 tails assay and delivery within one year	78	78	—
USDOE SWU Prices:			
USEC	125.00[10]	125.00[10]	135.00
AFC	153.00[11]	153.00[11]	153.00[11]
Requirements	157.00[11]	157.00[11]	157.00[11]
Market Value of Enriched UF_6[12,13]:			
2.5 w/o U^{235}	458	457	459
3.0 w/o U^{235}	586	585	589
3.5 w/o U^{235}	717	715	722
4.0 w/o U^{235}	849	847	857

[1]US $ per pound U_3O_8 equivalent.
[2]US $ per kilogram U as UF_6.
[3]Per annum.
[4]US $ per pound U as UF_6.
[5]Active inquiries to sell, for delivery within 12 months after contract signing (millions of pounds U_3O_8).
[6]Active inquiries to purchase, for delivery within 12 months after contract signing (millions of pounds U_3O_8).
[7]Uranium sales only; does not include loans, conversion, or SWU transactions.
[8]Millions of pounds U_3O_8 equivalent.
[9]US $ per SWU.
[10]Effective 10/1/85.
[11]Effective 10/1/84.
[12]Calculated using the Nuexco Exchange Value, Conversion Value, and 0.30 percent tails assay. From 4/30/85 to 11/30/85, calculations used in the Nuexco SWU Value for DOE origin and delivery by the end of FY86. As of 12/31/85, calculations use the SWU Value for delivery within one year.
[13]US $ per KgU as UF_6, rounded to the nearest $.

INDEX TO LAST MONTH'S REPORT (216)

Topic		Page
Market Developments	Developments in the US Uranium Producers vs. DOE Lawsuit	2
Analysis & Commentary	Status of DOE's Proposed Enrichment Criteria	12
	Nuclear Power Projects After Chernobyl in the Federal Republic of Germany	18
Update	1986 US Nuclear Plant Licensing Progress	22
Australia	Results of National Labor Party Conference	23
South Africa	Second-quarter 1986 Uranium Production Figures	23
Raw Materials	The Rabbit Lake Project	25
Nuclear Fuel Pricing		
	Natural Uranium and Conversion Pricing in July 1986	1
	Enriched Uranium and SWUs Pricing in July 1986	1

© NUEXCO 1986